

STDC Audit and Governance Committee 17 June 2024

	Agenda Item 3 - Previous Minutes
1	What was the verbal update that was given to the committee about Landfill Tax?
	This update was discussed in confidential session, under paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of schedule 12a Local Government Act 1972.
2	What is the Teesworks away day and what does it involve?
	<ul style="list-style-type: none"> • Annual refresher session on remit and function of the STDC Audit and Governance Committee • Review Terms of Reference • Standard list of questions which members should have in mind when considering the agenda and associated papers • Review and analysis of Committee Effectiveness Survey and Skills Audit.
3	MS noted an issue with the previous minutes pointing out it should read that he had asked if Mazars were contributing to the fine for late submission. What was the conclusion? Are they contributing? If not, why not? Why was the conclusion not minuted?
	The Committee has yet to receive a response from Mazars regarding a contribution from them to any late filing submissions costs.
	Agenda Item 4 – Executive Update
4	Have the members of the STDC Audit and Governance committee been invited to contribute to the statutory officers working group?
	The STDC Audit and Governance Committee have, and continue to, receive full briefings on the work of the statutory officers working group. Contributions and feedback are invited at each briefing. It has also been agreed with Cabinet that South Tees Development Corporation Audit & Governance Committee will receive the report detailing how all 28 recommendations from the Tees Valley Review have been addressed, in advance of Cabinet.
5	What is the current cost to the public of the 278 acres that have been or are currently being remediated in point 6?
	The cost of remediating the Teesworks site is already in the public domain, reported as part of each Finance update to STDC Board meetings. A link to the meeting papers can be found here (Audit & Governance Committee (STDC) - About (teesvalley-ca.gov.uk)). A further Finance update will be provided at the next STDC Board meeting.

6	Who are the potential tenants that are mentioned in point 7?
	Information relating to potential tenants, where commercial discussions are ongoing, is commercially sensitive. In accordance with the Public Participation Protocol and on the advice of the Acting Monitoring Officer, no response will be provided.
7	Can you please send a link to the tender notice for the private wire network?
	This is a Teesworks Limited led activity.
8	What company has taken up the procurement of the upgrades to Redcar's high voltage system?
	This activity is still in confidential commercial discussions and in accordance with the Public Participation Protocol and on the advice of the Acting Monitoring Officer, no response will be provided.
9	Who has been contracted to deliver Phase 2B of the South Bank Water Course?
	The contract for Phase 2B of the South Bank Water Course is not yet signed and the award notice has not been published.
10	How much has the remediation cost the public so far for the 100 acres at the NZT site?
	The NZT site is fully funded by Teesworks Limited.
	Agenda Item 5 – Update on Internal Audit Report
11	Why isn't there an update on the Internal Audit Report?
	This agenda item was not available at the time of publication and was subsequently published on 8 June 2024.
	Agenda Item 6 – STDC Group Financial Statements and External Audit Report including Value for Money Commentary 2021/22
12	Page 51 of the financial statement outlines employee remuneration. It highlights a payment to the 'CEO' of £35k with the narrative describing that it included redundancy payment. Given there is no pension contribution attached to that payment and the narrative outlined that 'he' left in April, it clearly isn't a salary payment in the financial year. This indicates that the £35k payment was a redundancy payment. What equation does STDC use to calculate redundancy payments?

	STDC would use a statutory redundancy calculation, however, this was not applicable due to Q13 reply
13	There are prescribed employment laws around redundancy which makes it clear that the role has to be made redundant, not the person. It is strange therefore, from a HR point of view, that almost immediately an interim CEO was appointed (ultimately being made substantive). It therefore follows that the role of CEO was not made redundant. What is the explanation for this?
	The post was not deleted and therefore the word redundancy was used in error.
14	Was the redundancy voluntary or compulsory?
	Neither.
15	Lots of people leave their employment, it's not usual to receive a financial payment when doing so. Was the payment really a redundancy payment or some other severance payment?
	The individual concerned left employment and a payment was made in lieu of notice. That is what the payment referred to represents.
16	Why was it necessary to agree to a severance payment for this particular individual?
	The amount was deemed appropriate compensation for the relinquish of employment rights via the settlement agreement, bearing in mind the seniority of the post and salary (equivalent of three months gross salary)
17	"The financial performance for the 12 months to 31 March 2022 shows a delivered spend of £175.2m (2021: £64.2m). At 31 March 2022 total current assets were £89.8m (2021: £50.9m) and net liabilities were £56.2m (2021: £0.9m)" - Due to the 90/10 split of private/public shares in Teesworks, please breakdown these numbers to show what sum of money/assets are publicly owned and what net liabilities will be attributed to public cost.
	The extract is from STDC group financial statements and therefore relates to STDC, STDL, STSC. The related party note shows the transactions with Teesworks.
18	"The TVCA Investment Plan included a commitment of £56.5m to STDC for land acquisition and infrastructure." - Which parcels of land will be acquired using this sum and what infrastructure will this money be invested in?
	The ex TATA and SSI land were acquired through purchase and through a CPO.

19	Page 76 refers to an Independent Auditor's Report, but this page is blank. Why is this?
	Due to a national audit backlog this information is yet to be provided by the auditors.
20	What is the name of the Independent Auditor?
	Mazars.
21	Has the Independent Auditor conducted an audit of the 2021/2022 financial statement?
	Mazars have substantially completed their 2021/22 audit. The audit findings report has been shared with the Audit and Governance Committee and we are awaiting issue of the opinion.
22	Has the Independent Auditor refused to sign off any elements of the 2021/2022 financial statement?
	No – Mazars have substantially completed the audit work for 2021/22 and intend to issue an opinion in due course. Mazars have presented the findings and the report is available on the website. (https://teesvalley-ca.gov.uk/about/wp-content/uploads/sites/2/2023/03/PUBLIC-STDC-AG-Papers-Pack-V3-030223.pdf)
	Agenda Item 7 – Review of Anti-Fraud Policy
23	Is there any way of reporting fraud that doesn't include Gary Macdonald, Julie Gilhespie or Emma Simson?
	The Anti-Fraud Policy sets out the process for reporting suspected fraud, but also what to do if those to whom it should be reported are implicated.
24	"The Confidential Reporting Policy is to be published on the STDC website" - Can you share the link for this please?
	The Confidential Reporting Policy is incorporated in and published as part of the STDC Constitution. This can be found here (Microsoft Word - Appendix 6 - STDC-Constitution - DRAFT changes Aug 20 (teesvalley-ca.gov.uk)), Part 5, page 45. The Confidential Reporting Policy is the 'Whistleblowing Policy' by another name, once approved this will be published on the website.

	Agenda Item 8 – Review of Whistleblowing Policy
25	What would the sanction be against a member of staff, for example, throwing a coffee cup against a wall?
	This is not an example of whistleblowing. Pursuant to the Public Participation Protocol, this is rejected as a frivolous submission.
26	How many complaints have been made against Lord Ben Houchen by STDC staff members from 4th May 2017 to 30th May 2024. If this is too large a time frame please condense it down to 1st January 2021 to 1st January 2022.
	There have been no complaints from staff members regarding Lord Ben Houchen during this time period.
	Agenda Item 9 – Oversight of the Governance Toolkit
27	Will Lord Ben Houchen be declaring his trip to Albania in June 2022 under gifts and hospitality?
	This has already been published on the TVCA website under Transparency, Gifts and Hospitality - Gifts-and-Hospitality-Declarations-of-Cabinet-Members-and-Directors.pdf (teesvalley-ca.gov.uk) .
28	Will Lord Ben Houchen be declaring his hospitality from the Qatar Foundation in December 2022, including his attendance at the FIFA World Cup Semi-Final, under gifts and hospitality?
	The Mayor declared this trip – paid for by the Qatar Foundation International - with the Electoral Commission in line with its rules. Details can be found on the Electoral Commission website at (https://search.electoralcommission.org.uk/English/Donations/V0566326)
29	Why was the Governance Toolkit setup in 2022 “to identify processes within the TVCA Group linked to governance or legal compliance including decision making processes and to set out processes for staff to follow to ensure consistent compliance” when the TVCA was formed 1st April 2016.
	There is no legislative requirement for TVCA to have a Governance Toolkit. It was developed as an internal guidance document, providing an overview of governance processes.
30	“To facilitate transparency, the Combined Authority and its statutory Committees all take decisions at meetings which the public can attend”, in light of this declaration will you now open up the statutory officer working group (who are working on the Tees Valley Review 28 recommendations) meetings to the public?

	<p>The Statutory Officer working group does not make any decisions. They consider recommendations and responses to be presented to formal cabinet and committee meetings.</p> <p>In line with the Local Government Act 1972, all cabinet and committee meetings are open to members of the press and public to attend unless advised otherwise. The public will be excluded from any discussions which are considered exempt under the terms of schedule 12a of the Local Government Act 1972.</p> <p>A response to Recommendation 28 of the Independent Review will be published in due course. Members of the public will not be admitted to statutory officer working groups.</p>
<p>31</p>	<p>“We also have a significant investment interest in the Teesside International Airport Group - Goosepool 2019 Limited (Goosepool) and Teesside International Airport Limited (TIAL). We provide support to the Airport Group, through a formal Group Support Services Arrangement.”, What does this support entail and can the public get access to meetings?</p>
	<p>Goosepool 2019 Limited (Company number 11800179) and Teesside International Airport Limited (Company number 02020423) are both Private Limited Companies and there is no provision in law for members of the public to attend their meetings.</p> <p>The TVCA Group Governance Service has in the past provided governance support for these meetings through a Group Services Support Agreement. The Minutes and all other information relating to these two entities remain in the ownership of the Limited Companies and where held by any part of TVCA are held in that capacity.</p>
<p>32</p>	<p>The question asked was “The Group also holds interests in commercial property development joint ventures, which we do not control, but have certain participation and direction rights through the JV Agreements. Our two main JV arrangements are [Teesworks Limited (TWL) and Teesside International Airport Business Park Limited (BPL). Our relationship with these companies, whilst both important and significant, is entirely commercial and they are not part of our Group.”, What are your participation and direction rights relating to TWL and BPL?</p>
	<p>The statement in the Governance Toolkit should correctly read...</p> <p>“The Group also holds interests in commercial entities, which we do not control, but have certain participation and direction rights through shareholder agreements. Our two main arrangements are [Teesworks Limited (TWL) and Teesside International Airport Business Park Limited (BPL).”</p> <p>The response to this question is that the group owns a 10% shareholding in TWL and consequently has a 10% participation interest and 10% voting rights in terms of direction rights. There are matters which are reserved in a shareholders agreement which protect the group’s minority interest rights. In respect of BPL the group has an effective shareholding of 33.4% through its shareholding in Teesside International</p>

	Airport limited, (TIAL) TIAL owns 50% of BPL and therefore has 50% participation rights in it. This is a deadlocked JV company so TIAL has 50% voting rights. Again, a shareholders agreement has certain reserved matters for shareholder agreement.
33	“Representatives from TIAA attend both the TVCA, STDC Audit and Governance Committee, HDC Audit and Governance Committee and MDC Audit and Governance Committee meetings to provide regular updates to Members”, are the HDC and MDC Audit and Governance Committee meetings available to the public? Where are the meeting times and agendas published. If Audit and Governance meetings have been held since the formation of both the MDC and HDC please provide all minutes of both committees.
	There have been no MDC or HDC Audit and Governance Committees to date. Member recruitment has taken place and an induction session is being set up. Meetings will be scheduled for the forthcoming municipal year and these will be published on the TVCA website. These are statutory public meetings. These will be published in due course under the following link Meetings - About (teesvalley-ca.gov.uk)
34	Please provide the links to the MDC and HDC Planning Committees for past and future meetings as well as meeting minutes.
	Both MDC and HDC Planning Committees can be found under the following link Meetings - About (teesvalley-ca.gov.uk)
35	Please provide the 'Value for Money commentary' from Mazars for the years 2021/22.
	We are awaiting this information from Mazars. Please refer to previous minutes and Mazars audit findings report on our website.
	Other
36	Is it appropriate to have a well known Conservative activist and protestor on the committee for Audit and Governance of the STDC?
	This question does not relate to an item on the published agenda for this meeting.